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THE TORONTO STOCK EXCHANGE

20/2/69

FILING STATEMENT NO. 1679.
FILED, MARCH 12th, 1969.

Hardee Farms International Ltd. *file*

Full corporate name of Company
Incorporated under Part I of the Companies Act (Canada)
by letters patent dated February 2, 1959.

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953
(Ontario) by Letters Patent dated May 1st, 1957).

FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other things,
an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.

Hardee Farms International Ltd. (Hardee) proposes to enter into an agreement with Algonquin Building Credits Limited for the issue to and purchase by it of common shares without par value of Hardee at a price of \$1.00 (Canadian) per share to be satisfied by the cancellation of certain outstanding indebtedness of Hardee equal in dollar amount to the number of shares to be issued. If the agreement is implemented, the shares issued thereunder will be 50%, more or less, of the issued and outstanding common shares of Hardee.

The agreement is conditional upon the acquisition by Algonquin Building Credits Limited of Hardee's outstanding indebtedness to the Bank of Montreal and Canadian Imperial Bank of Commerce together with the security therefor held by the banks. The number of common shares of Hardee to be issued under the agreement is to be one-half the number of dollars of such indebtedness, converted into and expressed in Canadian funds as at the closing of the transaction. As at January 10, 1969 the aggregate principal indebtedness to the banks (expressed in Canadian funds) was \$3,401,155 and the aggregate interest accrued thereon and unpaid (expressed in Canadian funds) was \$733,381. On the basis of such indebtedness to the banks outstanding as at January 10, 1969 and the rate of exchange then prevailing, the number of shares of Hardee to be issued would be approximately 2,062,500 and the indebtedness would be reduced by 50% to the equivalent of approximately \$2,062,500 Canadian.

The agreement is subject to various conditions, including ones to the effect that Hardee's obligation to complete the transaction is subject to shareholder and stock exchange approvals.

Hardee has accepted an offer dated January 28, 1969 from the shareholders of Cangroves Inc. to sell to Hardee certain obligations (\$100,000 principal amount 7% Debentures and \$22,500 demand loans) and all the outstanding shares of Cangroves Inc. for an aggregate consideration of \$93,322 (Canadian) (converted from \$86,811.55 (U.S.)) to be satisfied by the issue of 62,214 fully paid and non-assessable common shares of Hardee at \$1.50 per share (the closing market price on January 27, 1969). The obligation of Hardee to complete the transaction is subject to stock exchange approvals.

Cangroves Inc., a Florida corporation, carries on the business of growing citrus fruit in Highlands County, Florida, and has a 50% stock interest in Hardee-Cangroves Inc., also a Florida corporation, which is developing a 255 acre citrus grove. The remaining 50% interest is owned by Hardee. The citrus properties of Cangroves Inc. and Hardee-Cangroves Inc. were recently appraised by Mr. R. P. Dunty, Jr., Realtor, of Lake Placid, Florida, at about \$400,000 in the aggregate.

NOTE-A copy of the above Appraised Report is on file with
The Toronto Stock Exchange.

2. Head office address and any other office address.	Head Office: c/o Suite 2400, 44 King St.W. Toronto 1, Ontario. Principal business office: P.O. Box 1030, Bradford, Ontario.	
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	<u>Officers</u>	
	<u>Name and Address</u>	<u>Chief Occupation</u>
	J. J. Phillips, 15 Glenorchy Road, Don Mills, Ontario.	President, Hardee.
	A. W. Walker, 38 Blue Ridge Road, Willowdale, Ontario.	Vice-President and Secretary, Hardee.
	<u>Directors</u>	
	D. R. C. Harvey, Q.C., 72 Crescent Road, Toronto 5, Ontario.	Lawyer. Partner, Holden, Murdoch, Walton, Finlay, Robinson, Pepall & Harvey.
	Grant Horsey, Apt. 2108, 330 Spadina Road, Toronto 4, Ontario.	Executive. President, Wilgran Corporation Limited.
	T. P. N. Jaffray, 29 St. Edmund's Drive, Toronto 12, Ontario.	Executive. Vice-President, Dominion Securities Corporation Limited.
	J. A. McKechnie, 11 Hedgewood Road, Willowdale, Ontario.	Professional Engineer.
	R. A. McNair, 61 Oriole Road, Toronto 7, Ontario.	Executive. President, McNair Products Co. Ltd.
4. Share capitalization showing authorized and issued and outstanding capital.	As at the close of business February 7, 1969, the authorized capital stock of Hardee consisted of:	
	49,448 First Preferred Shares of the par value of \$100 each, issuable in series, of which 9,198 6½% First Preferred Shares Series A are issued and outstanding as fully paid and non-assessable;	
	42,285 Second Preferred Shares of the par value of \$100 each, of which 514 shares are issued and outstanding as fully paid and non-assessable; and	
	4,000,000 common shares without nominal or par value, of which 1,940,722 shares are issued and outstanding as fully paid and non-assessable and 132,833 shares are reserved for issue against exercise of options and conversion of debentures.	

5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	<p>6-3/4% mortgage due September 20, 1980, payable \$40,000 semi-annually commencing January 1, 1970. \$1,513,780</p> <p>6% promissory note due January 1, 1981, payable \$5,462 per annum. 65,541</p> <p>6-1/2% Serial Debentures due June 15, 1969. 50,000</p> <p>6% Unsecured Subordinated Notes due July 31, 1969. 95,000</p> <p>6% Convertible Debentures due June 1, 1971. 77,125 \$1,801,446</p> <p>Bank loans and deferred interest thereon secured by collateral mortgages. 3,867,920 \$5,669,366</p> <p>The foregoing particulars are on a consolidated basis as at January 10, 1969 and for the purposes thereof U.S. and Canadian dollars are treated as equivalent.</p>
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	<p>Norman E. Collings, Box 44, Bradford, Ontario, an employee of Hardee, has an option to purchase an aggregate of 20,000 common shares of Hardee at 90¢ per share, exercisable over the three years ending December 17, 1971, subject to prior termination in certain events.</p> <p>Arthur W. Walker, 34 Blue Ridge Road, Willowdale, Ontario, an officer and employee of Hardee, has an option to purchase an aggregate of 10,000 common shares of Hardee at 90¢ per share, exercisable over the three years ending December 17, 1971, subject to prior termination in certain events.</p> <p>See Item 1 for proposed issues of common shares.</p> <p>As at the close of business February 7, 1969 there were 102,833 common shares reserved against conversion of debentures.</p>
7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	See Item 6.
8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	None.
9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	<p>Hardee plans to continue producing, packing and selling fresh vegetables and processing and selling french fried potatoes and cattle ranching.</p> <p>It is understood that Algonquin Building Credits Limited intends that the business and operations of Hardee will remain substantially unchanged.</p> <p>See Schedule "A"</p>
10. Brief statement of company's chief development work during past year.	<p>Hardee's chief work during the past year was producing, packing and selling fresh vegetables and processing and selling french fried potatoes and cattle ranching.</p>



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76 ST. CLAIR AVENUE WEST
TORONTO 7 920-3223

March 4th, 1969.

Toronto Stock Exchange,
234 Bay Street,
TORONTO 1, Ontario.

Dear Sirs:

Re: Hardee Farms International Ltd.

We understand that in connection with the filing statement dated February 14th, 1969 of Hardee Farms International Ltd. (Hardee) you have requested a statement from our Company with respect to the future activities of Hardee.

Subject to the acquisition by our Company of a substantially share and debt interest on Hardee which will give to our Company effective control of Hardee, it is our intention that the business and operations of Hardee will remain substantially unchanged. Future plans for Hardee may however include the acquisition of revenue producing situations with respect to which full particulars will be furnished to you in accordance with the requirements of your Exchange.

Yours very truly,

C. H. Franklin,
President.

CHF:pc.

FINANCIAL STATEMENTS

Assets

CURRENT ASSETS	1968	1967
Cash	\$ 217,185	128,499
Accounts receivable	388,799	335,058
Inventories—		
Produce and supplies—at lower of cost or replacement cost	217,341	189,516
Beef cattle—at realizable value.	939,930	949,575
Containers—at cost, less amounts written off	46,819	59,001
Prepaid expenses—		
Current crop	37,466	38,961
Other	26,786	29,623
	<u>1,874,326</u>	<u>1,730,233</u>
INVESTMENT IN AFFILIATED COMPANY		
Shares and debentures—at cost	<u>102,000</u>	<u>102,000</u>
FIXED ASSETS (note 2).	<u>4,951,301</u>	<u>4,851,371</u>
ASSETS HELD FOR SALE (note 3)	<u>5,775,331</u>	<u>7,505,926</u>
OTHER ASSETS		
Organization and financing expenses	574,996	574,996
Excess of purchase price of shares of subsidiaries over book value thereof.	<u>352,367</u>	<u>352,367</u>
	<u>927,363</u>	<u>927,363</u>
	<u>\$13,630,321</u>	<u>15,116,893</u>

Liabilities

CURRENT LIABILITIES	1968	1967
Bank advances—secured by beef cattle	\$ 296,706	275,820
Accounts payable and accrued liabilities	384,440	286,014
Current instalments of long-term debt (note 4).	<u>5,462</u>	<u>14,462</u>
	<u>686,608</u>	<u>576,296</u>
LONG-TERM DEBT, less current instalments (note 4)	<u>5,704,906</u>	<u>5,722,595</u>
	<u>6,391,514</u>	<u>6,298,891</u>

Shareholders' Equity

CAPITAL STOCK (note 5)		
Authorized—		
49,448 first preferred shares of the par value of \$100 each, issuable in series		
42,285 6½% non-cumulative second preferred shares of the par value of \$100 each, redeemable at par		
4,000,000 common shares of no par value		
Issued and fully paid—		
9,198 6½% cumulative first preferred shares, Series A, redeemable at \$120 per share	919,800	919,800
514 second preferred shares.	51,400	51,400
1,753,554 common shares (1967—1,738,687 shares).	7,638,031	7,626,881
DEFICIT (note 6)	<u>(1,370,424)</u>	<u>219,921</u>
	<u>7,238,807</u>	<u>8,818,002</u>
	<u>\$13,630,321</u>	<u>15,116,893</u>

Signed on behalf of the Board

J. J. PHILLIPS, *Director*

GRANT HORSEY, *Director*

Consolidated Statement of Source and Application of Funds for the year ended June 1, 1968

	1968	1967
FUNDS WERE OBTAINED FROM		
Net earnings for the year	\$ 110,626	62,672
Add: Charges not requiring outlay of funds—		
Interest deferred	79,317	133,038
Loss on disposal of fixed assets.	12,333	12,651
Total from operations	202,276	208,361
Proceeds from disposal of fixed assets and assets held for sale.	106,317	17,947
Issue of common shares on conversion of debentures.	11,150	19,125
Deferment of amounts previously included with current liabilities.		493,195
	<u>319,743</u>	<u>738,628</u>
FUNDS WERE APPLIED TO		
Retirement of long-term debt	97,006	39,337
Purchase of fixed assets.	188,956	43,868
	<u>285,962</u>	<u>83,205</u>
INCREASE IN WORKING CAPITAL.	33,781	655,423
WORKING CAPITAL—BEGINNING OF YEAR.	<u>1,153,937</u>	<u>498,514</u>
WORKING CAPITAL—END OF YEAR.	<u>\$1,187,718</u>	<u>1,153,937</u>

Consolidated Statement of Earnings for the year ended June 1, 1968

	1968	1967
SALES.	\$4,593,259	4,580,695
COST OF SALES AND OTHER EXPENSES (note 7)	4,152,730	4,187,882
EARNINGS FROM OPERATIONS	440,529	392,813
Interest.	317,570	317,490
Loss on disposal of fixed assets	12,333	12,651
	<u>329,903</u>	<u>330,141</u>
NET EARNINGS FOR THE YEAR (note 8)	<u>\$ 110,626</u>	<u>62,762</u>

Consolidated Statement of Deficit for the year ended June 1, 1968

	1968	1967
SURPLUS—BEGINNING OF YEAR (note 6)	\$ 219,921	157,249
Net earnings for the year	110,626	62,672
	<u>330,547</u>	<u>219,921</u>
Charges relating to assets held for sale (note 3)—		
Loss on disposals	75,971	
Provision for excess of book values over option prices	1,625,000	
DEFICIT—END OF YEAR (Surplus in 1967) (note 6).	<u>\$1,370,424</u>	<u>219,921</u>

Notes to Consolidated Financial Statements

for the year ended June 1, 1968

1. Foreign Exchange. Individual assets and liabilities in U.S. dollars have been converted at par and an adjustment has been made in the accounts to give effect to the conversion of net current assets in U.S. dollars to Canadian dollars at the rate of exchange prevailing at June 1, 1968.

2. Fixed Assets. Fixed assets are as follows.

	Held for sale (note 3)	In use	1968 total	1967 total
Buildings and equipment—at cost, less amounts written off	\$ 907,635	2,312,627	3,220,262	3,209,853
Accumulated depreciation	175,047	604,126	779,173	793,819
	732,588	1,708,501	2,441,089	2,416,034
Land	6,066,930	3,242,800	9,309,730	9,340,450
Total	\$6,799,518	4,951,301	11,750,819	11,756,484

Land in Canada has been valued on the basis of an appraisal dated July 11, 1962 by Mr. N. Porter, realtor, of Bradford, Ontario and in Florida on the basis of an appraisal dated August 31, 1962 by Messrs. R. P. Dunty and E. Nelson, realtors, of Lake Placid, Florida. The surplus of \$5,273,919 resulting from these appraisals was applied in the year ended June 1, 1963 to write down certain items of plant and equipment and to write off "deferred farm costs".

3. Assets held for sale. The assets shown under this heading are as follows:

	1968	1967
Fixed assets (note 2)	\$6,799,518	6,905,113
Related excess of purchase price of shares of subsidiaries over book values thereof	600,813	600,813
	7,400,331	7,505,926
Provision for excess of book values over option prices on certain assets held for sale	1,625,000	—
	\$5,775,331	7,505,926

The company intends to sell these assets in an orderly manner to retire long-term debt. The period of time for disposal and the proceeds are dependent upon future market conditions. Accordingly, the amounts shown may not represent realizable values which may be more or less than book values.

As part of lease agreements expiring in 1970 the company has given options to purchase certain of these assets. If all of these purchase options are exercised, sales proceeds of \$1,135,000 will be realized on assets having book values of approximately \$2,760,000. A provision of \$1,625,000 has accordingly been made in the accounts.

	Current portion	Long term portion	1968 total
4. Long term debt.			
6¾% mortgage due September 20, 1980, payable \$40,000 semi-annually commencing January 1, 1970.	\$ —	1,513,780	1,513,780
6% promissory note due January 1, 1981, payable \$5,462 per annum	5,462	65,541	71,003
6½% serial debentures due June 15, 1969.	—	50,000	50,000
6% unsecured notes due July 31, 1969.	—	95,000	95,000
6% convertible debentures due June 1, 1971	—	165,002	165,002
	5,462	1,889,323	1,894,785
Bank loans and deferred interest thereon—secured by collateral mortgages	—	3,815,583	3,815,583
	\$5,462	5,704,906	5,710,368

(a) The long term portion includes \$5,129,933 payable in U.S. funds.
(b) 6% convertible debentures may be converted into common shares at the option of the holders at any time prior to June 1, 1971 on the basis of one common share for each 75¢ of the principal amount thereof. Interest on these debentures has been waived contingent upon the principal being paid when due and, as at June 1, 1968, the contingent liability in respect of interest on the debentures amounted to approximately \$40,000.

5. Capital Stock. Of the authorized and unissued shares, 220,002 common shares are reserved against the exercise of the conversion right attaching to 6% convertible debentures, and 95,000 common shares are reserved under employee stock options exercisable at various dates to November 2, 1969 at 75¢ per share.

During the year 14,867 common shares were issued at 75¢ per share on the conversion of 6% convertible debentures.

At June 1, 1968 quarterly cumulative dividends payable on 9,198 6½% preferred shares outstanding were in arrears in the amount of \$35.75 per share.

6. Deficit. Deficit includes contributed surplus of \$392,342 arising on the reorganization of June 1, 1963, which amount has remained unchanged since that date. In prior years this contributed surplus has been shown separately on the balance sheet.

The balance of the deficit has arisen from transactions since June 1, 1963.

7. Expenses. Other expenses include \$56,000 (1967—\$65,058) for remuneration of senior officers of the company, including a director officer. No amounts were paid in either year to those directors who are not officers.

8. Income taxes. Income taxes otherwise payable for the year have been eliminated by claiming depreciation for tax purposes and the application of losses of prior years.

Auditors' Report

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Hardee Farms International Ltd. as at June 1, 1968 and the consolidated statements of earnings, deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Depreciation has not been provided in the current and four preceding years. Had depreciation been recorded in these years at normal rates, earnings for the current year would have been reduced by approximately \$125,000 and both accumulated depreciation and deficit increased by approximately \$770,000.

Subject to the foregoing qualification, and to the fact that, as stated in note 3, assets held for sale are carried at amounts which may not necessarily represent realizable values, in our opinion, these consolidated financial statements present fairly the financial position of the companies as at June 1, 1968 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

McDONALD, CURRIE & CO.
Chartered Accountants

July 26, 1968

INTERIM REPORT

For the
thirty-two weeks ended
January 11, 1969

CONSOLIDATED STATEMENT OF EARNINGS

	For the 32 weeks ended January 11 1969	January 13 1968
Sales.....	\$3,047,649	2,929,270
Cost of Sales and Other Expenses.....	2,758,947	2,649,856
Earnings from Operations.....	\$ 288,702	279,414
Interest.....	195,688	192,784
Net Earnings for the Period.....	\$ 93,014	86,630

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	For the 32 weeks ended January 11 1969	January 13 1968
Funds Were Obtained From:		
Net earnings for the period.....	\$ 93,014	86,630
Add: Charge not requiring outlay of funds — Interest deferred.....	52,337	62,151
Total from operations.....	\$ 145,351	148,781
Proceeds from disposal of fixed assets.....	3,830	59,715
Issue of 147,501 (1968—13,200) common shares on conversion of debentures and exercise of employee stock options.....	111,626	9,900
	\$ 260,807	218,396
Funds Were Applied To:		
Retirement of long-term debt.....	\$ 92,339	60,332
Purchase of fixed assets.....	8,233	117,967
	\$ 100,572	178,299
Increase in Working Capital.....	\$ 160,235	40,097
Working Capital—Beginning of Year.....	1,187,718	1,153,937
Working Capital—End of Period.....	\$1,347,953	1,194,034

NOTE

- 1) The above statements have not been audited.
2) No allowance has been made for depreciation of fixed assets for the period.
3) Income taxes otherwise payable have been eliminated by claiming depreciation for tax purposes and the application of losses of prior years.

TO THE SHAREHOLDERS:

HARDEE FARMS INTERNATIONAL LTD.

During the first 32 weeks of the current fiscal year the Company's estimated earnings, before depreciation, amounted to \$93,014. In the same period last year the comparable profit figure was \$86,630.

Consolidated sales amounted to \$3,047,649, which compares with \$2,929,270 a year ago.

The most important development during the current fiscal period has been the recently announced transaction proposing that effective control of Hardee be acquired by Algonquin Building Credits Limited, a company controlled by Mr. Cecil H. Franklin. This understanding provides that, upon the purchase by Algonquin of all of Hardee's outstanding Canadian bank indebtedness (approximately \$4,000,000), one-half of such debt be exchanged for approximately 2,000,000 common shares of Hardee, and the balance remain outstanding in substantially its present form.

Completion of the agreement will bring about a significant improvement in Hardee's economic outlook, and should establish conditions in which your Company can actively seek out special situations selected for their potential contributions to future growth and development.

In addition to approval of the foregoing, shareholders are being asked to approve arrangements calling for the acquisition of all outstanding securities of Cangroves Inc., in exchange for the issue of approximately 62,000 common shares of Hardee. By thus acquiring all of Cangroves' equity in the citrus development partnership undertaken almost four years ago, your Company will have an undivided interest in 300 acres of citrus groves established on its Florida property.

Full details of these matters are set out in the material accompanying the notice of a special shareholder's meeting to be held on March 27, 1969.

J. J. PHILLIPS,
President

March 6, 1969

11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.

The names and addresses of the vendors of the obligations and shares of Cangroves Inc. intended to be purchased by Hardee as indicated in Item 1 for a consideration to be satisfied by the issue of common shares of Hardee are set out below. Each of such persons is to receive more than 5% of the consideration.

Estate of C. Gordon Cockshutt,
c/o Canada Permanent Trust Company,
70 Market Street,
Brantford, Ontario.

J. H. Daoust,
J. H. Daoust & Associates,
24820 Michigan Avenue,
Dearborn, Michigan 48124.

T. G. Gedge,
32 Hawksbury Drive,
Willowdale, Ontario.

J. B. Hall, Jr.,
P.O. Box 448,
Avon Park, Florida.

Grant Horsey,
Apt. 2108,
330 Spadina Road,
Toronto 4, Ontario.

W. A. Lovell,
5220 Lakeshore Road East,
Apt. 712,
Burlington, Ontario.

J. A. McKechnie,
11 Hedgewood Road,
Willowdale, Ontario.

R. A. McNair,
61 Oriole Road,
Toronto 7, Ontario.

R. J. Morrison,
54 St. Sulpice Road,
Westmount, Quebec.

J. D. Pollock,
82 Fifeshire Road,
Willowdale, Ontario.

12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.

See Item 11.

13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.

None to the knowledge of Hardee.

14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)

None to the knowledge of Hardee.

15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	<p>As at the close of business February 7, 1969, the five largest registered shareholders of Hardee were:</p> <p>Dominion Securities Company, 206,590 50 King Street West, Toronto 1, Ontario.</p> <p>Citizens & Southern National Bank, 62,400 P.O. Box 4899, Atlanta, Georgia.</p> <p>Doherty Roadhouse & McCuaig Bros. 37,850 The Simpson Tower, Toronto, Ontario.</p> <p>Richardson Securities of Canada, 37,710 173 Portage Avenue, Winnipeg, Manitoba.</p> <p>Davidson & Co., 32,887 25 Adelaide Street West, Toronto 1, Ontario.</p> <p>Hardee does not know whether or not these shareholders are the beneficial owners of their shareholdings.</p> <p>None of these shares to the knowledge of Hardee is beneficially owned, directly or indirectly, by any of the officers or directors of Hardee.</p>
16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	At present no persons are known to Hardee whose shareholdings are large enough materially to affect the control of Hardee. If the Agreement between Hardee and Algonquin Building Credits Limited referred to in Item 1 is implemented, then the shareholdings of Algonquin Building Credits Limited will be large enough materially to affect, if not constitute, control of Hardee.
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	As indicated in item 1, Hardee has a 50% stock interest in Hardee-Cangroves Inc. represented by 50 common shares, and also owns \$65,000 aggregate principal amount of 7% Debentures of Hardee-Cangroves Inc. due May 15, 1980. Hardee acquired such common shares and Debentures in exchange for land then valued at \$102,000 and allocated as to \$37,000 as the consideration for the shares and as to \$65,000 as the consideration for the Debentures. Hardee considers that if there were a market for these investments, the present market value thereof would be at least equal to the cost.
18. Brief statement of any lawsuits pending or in process against company or its properties.	None.
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	A number of lease option agreements have been entered into by Hardee and are to be in effect until varying dates in 1970. While on an individual basis such agreements may not be regarded as material, in the aggregate they involve options for the purchase of a total of 5,500 acres of Hardee's lands in Florida and 600 acres in Ontario, at varying prices per acre amounting in the aggregate to approximately \$1,135,000 (of which \$885,000 is in U.S. and the balance in Canadian funds).
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	<p>The shareholders of Cangroves Inc. include four directors of Hardee, Messrs. Horsey, McKechnie, McNair and Morrison, who own in the aggregate 40% of the outstanding shares of Cangroves Inc.</p> <p>No shares of Hardee are in the course of primary distribution to the public.</p>

CERTIFICATE OF THE COMPANY

DATED February 14, 1969.

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

"J.J. Phillips"

"A.W. Walker"

CORPORATE
SEAL

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)